

August 16, 2004

QUOTE OF THE WEEK

*"The freedom of each individual can only be the freedom of all."
Friedrich Durrenmatt (1921-1990) Source: About Tolerance, 1977*

UNDER THE DOME

*****CPR's Tax Consolidation*****

I am pleased that the Governor's performance review team recommends that all of California's tax departments be blended into one body under the elected members of the Board of Equalization. As proposed, a California Tax Commission would enable businesses and individuals to deal with one shop -- instead of several -- to get taxpayer assistance and consistent application of the law. Additionally, having one body of elected officials responsible for the administration of California's taxes will raise the level of accountability by establishing a clear line of responsibility.

The only improvement I can suggest to the recommendation is to point out that the changes are statutory only. If the consolidation occurs and Californians are pleased with the new commission, a Constitutional amendment would make the change, and the protections it would bring, more permanent.

*****Some Highlights from the Performance Review*****

- There are almost 900 personal income and bank and corporation tax appeals, with a total value of approximately \$2.4 billion held up at the FTB. Even if the government only won half of the appeals that is \$1.2 billion cash into the state treasury.
- There are also more than 1,200 cases pending at the BoE, with a total value of \$320 million. Most will end up not being appealed, but all backlogs must be reduced.
- California state government spends upwards of \$7 billion annually on goods and services. Single departments make most purchases independently. It is not surprising that the state has 17 separate contracts with Microsoft, 78 with Cisco, and 54 with IBM. CPR recommends procurement reform.
- CalTrans is responsible for maintaining 50,000 miles of roads, 12,000 bridges, 250,000 acres of roadside areas, 88 roadside rest areas, and more. The maintenance of our existing infrastructure is largely ignored. CPR recommends more preventative maintenance.

- Of the 50,000 miles of road above, 6,000 miles of these go through cities. Many of these have become local streets as new highways have bypassed the original construction. CPR recommends turning over these roads to local governments for a possible savings of \$100 million a year.

TAXING TIMES

*****Economy Starting to Accelerate*****

The preliminary data from the BoE for the first quarter of 2004 taxable sales shows that California businesses completed approximately \$110.8 billion in transactions subject to the sales and use tax. This is an increase of 6% over the first quarter of 2003 (\$104.5 billion).

The increase in first quarter sales figures marks the largest increase in taxable sales since the fourth quarter of 2000, when an 8.7% increase was reported over the prior quarter.

These figures are not final, but nonetheless offer an encouraging sign the economy is vibrant.

ISSUE FOCUS

*****Illinois: What Happened to the Big Tent?*****

I remember back in the day when conservatives like myself would regularly come to the defense of Republican nominees who supported abortion rights. I recognize that many issues determine what it means to be a Republican. Most of these issues are fiscal and law-and-order oriented. While I am a supporter of pro-life issues, my vote does not turn on that one issue alone. This is my idea of a big tent that includes a variety of opinions within the party's umbrella.

Now it seems in Illinois that a high-profile Republican wants to collapse the tent entirely. In a Chicago Sun Times column I read last week, the former Governor of Illinois, James Thompson, said he will not endorse the Republican candidate for U.S. Senate, Alan Keyes, against the popular Democrat Barack Obama. Thompson was quoted as saying, "His [Keyes'] views are very conservative. Some of his positions would make me uncomfortable as a voter." Keyes' position on abortion is that current law renders the relationship between a mother and her unborn child to be virtually the same as that of a slave owner to a slave, and this state of the law undermines all other Constitutional protections. Keyes is a black American. I agree that Keyes' principled stand makes a lot of people uncomfortable, but does it render him unfit for office?

The article went on to describe Thompson as a hero to the moderate wing of the Republican Party for his past support for abortion rights and the Equal Rights

Amendment. My question to Thompson would be: Since you are withholding your support for a candidate in your party because of the abortion issue, do you recommend that the national party follow your lead and withhold support for any Republican that is not staunchly pro-abortion? I would assume not, but maybe Thompson has not thought this through completely.

*****Take a Moment to Consider*****

There was some heavy fighting in Iraq last week, where temperatures reportedly soared to more than 130 degrees Fahrenheit. Fox News reported that there is a popular myth going around in Iraq that the Americans have developed a special pill to deal with the heat because the Iraqis are incredulous at how our forces are dealing with the conditions.

We should start thinking about ways to acknowledge the incredible performance of our people over there. May I suggest that if a returning veteran comes and fills out an application for work at your place of business you might consider that such a person would likely not find any task you come up with very daunting.

I also agree with U.S. Senate candidate Bill Jones that we ought to pay our National Guard and Reservists some high percentage of the civilian salary they gave up to answer the call to serve.

*****Citizenship Test 7*****

We continue looking at the U.S. Congress in today's installment of the U.S. Citizenship exam.

- 30. How many senators are there in Congress?
- 31. Can you name the two senators from your state?
- 32. For how long do we elect each senator?
- 33. How many representatives are there in Congress?
- 34. For how long do we elect the representatives?

BOE AND LEGISLATIVE DATES

August 16-31, 2004 --- Floor sessions only; no committee may meet for any purpose

August 24, 2004 --- BOE meets in Sacramento

August 31, 2004 --- Legislature recesses ending its 2003-2004 Session.

September 8, 2004--- BOE meets in Sacramento

NOTABLE DATES/ HISTORY

August 16, 1620 --- Mayflower set sail from Southampton with 102 Pilgrims.

August 17, 1998 --- U.S. President Bill Clinton admitted in a televised address to having had inappropriate relations with ex-White House intern Monica Lewinsky.

August 17, 1790 --- The capital of the U.S. was moved from New York City to Philadelphia.

August 18, 1587 --- Birthdate of Virginia Dare, first American born of English parents.

August 19, 1991 --- Coup in Russia deposed Mikhail Gorbachev.

August 20, 1866 --- President Andrew Johnson formally declared Civil War over.

August 21, 1858 --- First Lincoln-Douglas debate was held in Illinois.

August 21, 1944 --- Dumbarton Oaks conference opened in Washington, D.C., establishing the U.N.

August 21, 1959 --- Hawaii became the 50th U.S. state.

August 22, 1775 --- King George III proclaimed colonies to be in open rebellion.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

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